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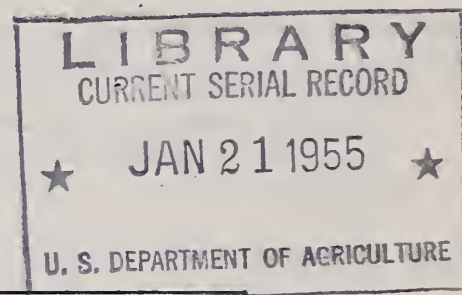
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DEMAND and PRICE SITUATION

WASHINGTON, D. C., DEC. 1954



Approved by the Outlook and Situation Board, December 14, 1954

SUMMARY

Under the impact of near record farm output, prices received by farmers have declined slowly this year and this fall averaged 2 to 3 percent below a year earlier. With price support programs in operation for some major farm products and marketings from 1954 crops tapering off, prices received by farmers may improve some in the early months of 1955. Crop prices generally, including wheat, corn and cotton are running higher than a year earlier. However, prices are lower, than a year earlier for hogs, poultry and eggs, and dairy products due primarily to larger supplies.

With economic activity making more than seasonal gains this fall, domestic demand for food has continued quite strong. Consumer income, after taxes, is at a record rate, slightly above a year earlier. Sales at food stores in October and November were about 4 percent above a year earlier. Retail prices of food this fall were slightly below a year earlier. While exports of U. S. farm products so far in

(Continued on page 3)

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1953		1954			
		Year	Nov.	Aug.	Sept.	Oct.	Nov.
Industrial production <u>1/</u>							
Total.....	1947-49=100	134	129	123	124	125	
All manufactures.....	do.	136	131	125	126	127	
Durable goods.....	do.	153	146	135	136	138	
Nondurable goods.....	do.	118	115	114	115	116	
Minerals.....	do.	116	111	109	108	109	
Total outlay for new construc- tion <u>2/</u>	Million dollars	35,256	2,936	3,114	3,153	3,121	
Residential.....	do.	11,930	976	1,169	1,196	1,196	
Total civilian employment <u>3/</u>	Million	61.9	61.9	62.3	62.1	62.1	61.7
Nonagricultural.....	do.	55.4	55.3	55.3	54.6	54.9	55.6
Unemployment.....	do.	1.5	1.4	3.2	3.1	2.7	2.9
Income:							
Nonagricultural payments <u>2/4/</u> #	Bil. dol.	270.0	271.3	270.2	271.1	271.8	
Production-worker payrolls <u>5/</u>	1947-49=100	151.6	148.0	135.1	138.4	139.3	
Weekly earnings of production- workers in manu- facturing <u>5/</u>	Dollars	71.69	71.60	71.06	71.86	72.22	72.98
Durable.....	do.	77.23	76.73	76.59	77.39	77.97	78.36
Nondurable.....	do.	63.60	63.73	64.45	65.24	65.07	65.80
Prices:							
Wholesale prices, all com- modities <u>5/</u>	1947-49=100	110	110	110	110	110	110
Commodities other than farm and food.....	do.	114	114	114	114	114	115
Farm.....	do.	97	94	96	94	93	93
Food, processed.....	do.	105	104	106	106	104	104
Prices received by farmers <u>6/</u>	1910-14=100	258	249	251	246	242	244
Crops.....	do.	242	234	250	247	243	244
Livestock and products.....	do.	273	263	251	245	242	243
Prices paid, interest, taxes and wage rates <u>6/</u>	1910-14=100	279	277	282	280	279	279
Items used in living.....	do.	270	270	277	273	273	272
Items used in production.....	do.	253	247	250	251	250	251
Parity ratio.....		92	90	89	88	87	87
Consumer price index <u>5/</u>	1947-49=100	114	115	115	115	114	
Food.....	do.	113	112	114	112	112	
Government purchases of goods and services <u>2/ 7/</u> ...	Billion dollars	85.2			75.6		
Federal (Less Government sales)	do.	60.1			47.9		
State and local.....	do.	25.1			27.7		

Annual data for the years 1929, 1932 and 1935-53 appear on page 31 of the April 1954 issue of the Demand and Price Situation.

1/ Federal Reserve Board.

2/ U. S. Department of Commerce.

3/ Bureau of the Census.

4/ Monthly totals seasonally adjusted at annual rates.

5/ U. S. Department of Labor, Bureau of Labor Statistics.

6/ U. S. Department of Agriculture, Agricultural Marketing Service.

7/ Quarterly totals seasonally adjusted at annual rates.

Revised series.

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fiscal 1954-55 have been below a year earlier, part of the decline may be attributed to deferred purchases pending allocation under special export programs. With a strong foreign demand, exports of farm products are expected to increase.

Business activity continued to rise in November and early December. Industrial production in November was at a seasonally adjusted rate nearly 5 percent above the third quarter and about the same as a year earlier. Most of the recent gain was in the steel, automobile, and textile industries. The rapid rate of inventory liquidation in the third quarter slowed in October, particularly for durable goods at the manufacturing level. Manufacturers' new orders increased in September and October reflecting the pickup for automobiles, steel, some military hard goods and textiles. Deliveries held fairly stable as new orders increased and manufacturers' order backlogs rose slightly. Nonagricultural employment increased from October to November with the pickup in industrial activity and unemployment rose a little less than usual from the October level. Prices in general both at wholesale and retail held relatively stable in November and early December.

Construction activity in October and November, after seasonal adjustment, was a little above the third quarter rate and approximately 8 percent above a year earlier. Most of the gain from the fall of 1953 was in residential construction and related types of commercial, recreational and public construction. Construction contract awards were up 4 percent from the fall of 1953 and new housing starts in November rose to an annual rate of nearly 1.4 million units. These developments suggest a continued high level of construction activity in the coming months.

Record income after taxes is supporting a high level of consumer buying. Expenditures by consumers for goods and services totaled nearly 235 billion dollars in the third quarter, up nearly 2 billion from April-June and 3½ billion from third quarter 1953. Retail sales in October and November point to a further gradual rise in consumer buying in the last quarter of 1954.

Commodity Highlights

Marketings of fed cattle and hogs will likely be relatively large this winter. A volume of cattle feeding as high or higher than a year earlier will provide a substantial supply of finished cattle. A larger part of the hogs from the spring pig crop will probably remain on farms at year's end than in either of the last two years which will tend to hold down the seasonal upturn in hog prices this winter. Marketings of sheep and lambs off ranges are less than a year ago and decreasing seasonally. The seasonal price rise for next year is likely to be fully as large as usual. With milk production in the past several weeks running near a year earlier and fluid consumption somewhat higher, less has been available for manufacturing. Government purchases of butter in November were negligible and purchases of cheese and nonfat dry milk were less than a year earlier. Prices for most grades of large eggs declined slightly in principal markets during the month ending mid-November, and continued to decline in early December. Egg production will continue to rise seasonally for the next few months. Most of this year's record turkey crop has been sold from farms, mostly at prices averaging about 5 cents per pound below last year. January broiler marketings will be the smallest in about a year. Soybean prices in December were moderately lower than in the same month a year earlier. This year's crop is a record in contrast with the comparatively "short" one of 1953. Corn prices, after declining seasonally, have strengthened since mid-November and are expected to advance seasonally this winter and spring. The average price of oats in November was above the support level for the first time since March 1953, while prices of barley and sorghums remained below the support price. The estimated supply of feed concentrates for 1954-55 is equal to the 1950 record and 4 percent larger than in 1953-54. Wheat prices increased in November; in view of the relatively small supplies not under price support, further advances may be expected. Production of rice in 1954 set a new record and prices are below a year ago. With the usual post-holiday slackening in demand, grower prices for fresh oranges and grapefruit probably will decline seasonally in January. Prices of most varieties of apples at shipping points held fairly steady in late November and early December. Tonnage of fresh vegetables to be harvested during the winter of 1955 is expected to be 4 percent below a year earlier, according to December indications. Stocks of late-crop potatoes this January 1 are expected to be below those of a year earlier and production of early potatoes for harvest during the first quarter of 1955 is expected to be 5 percent smaller than a year earlier. Grower prices in mid-November averaged 30 percent above the low level of mid-November 1953. The cotton crop is estimated at 13.5 million running bales, 18 percent below 1953. Movement into CCC loan was heavy during November. U. S. mills in the third quarter used about 3 percent less wool than during April-June and about 19 percent less than during third quarter 1953. Boston price quotations for most domestic wools for the week ending December 10 were about the same as a month earlier and about 7 to 12 percent below a year earlier. Burley tobacco auctions began November 30 and for sales through December 13, prices averaged 51.3 cents per pound, about 3 cents below a year earlier. Both the 1954 crop and the carryover are larger than last year.

Production Controls Relaxed

Previously announced special controls on the production of some crops in 1955 were removed by the Secretary of Agriculture on December 13. These include the removal of the cross-compliance requirements among individual crop acreage allotments and limitations on the use of acres diverted from allotment crops to produce commercial vegetables and potatoes.

GENERAL BUSINESS CONDITIONS

Business activity increased more than usual during November and early December. Output of our factories and mines in November, up nearly 5 percent from the third quarter rate, was the same as a year earlier. Steel mills were operating at about 81 percent of capacity in mid-December compared with 63 percent in August and 80 percent in December 1953. This was in highest level for the year to date and reflected principally larger orders by automobile manufacturers, continued high construction activity, and a slowing in the rate of inventory liquidation. Assemblies of passenger automobiles totaled about 502,000 units during November, more than twice the level of October. If production schedules for December are achieved, fourth quarter assemblies will be the largest since 1950. Retail sales in October and November continued around the third quarter rate and were about the same as a year earlier. Construction activity in October and November again set new monthly records and prospects for the next few months point to a continued large volume of construction activity. Wholesale prices, on the average, continued to exhibit the stability experienced over the past year.

Investment Demand
Maintained

Construction activity is holding at a record level and business outlays for plant and equipment declined only slightly in the last quarter. With new housing starts at an annual rate of nearly 1.4 million units in November, a continued high rate of activity is assured in coming months. Investment outlays for business plant and equipment are only a little below the third quarter rate and are scheduled to decline slightly again in the first quarter.

Business investment in inventories has been reduced steadily as stocks have been liquidated over the past year and, in the third quarter, investment in inventories was declining at an annual rate of about 5 billion dollars. As the rate of liquidation slows, as appears to be the case in the fourth quarter, gross investment outlays will increase.

Government expenditures for national security programs, on the basis of information for October and November, are continuing to decline slightly in the last quarter. But outlays by State and local governments for new construction and for employment in schools and other activities are rising.

Plant and Equipment
Scheduled Slightly Lower

Business investment outlays for new plant and equipment in the current quarter are down less than 2 percent from the third quarter rate and are scheduled to ease by about the same amount in the first quarter of 1955. These declines are a little smaller than were scheduled earlier with some indication that investment outlays are leveling out for some manufacturing industries which reduced investment considerably in 1953 and 1954. Outlays for public utilities declined in the last half of 1954 and a further decline is scheduled for the first quarter of next year. First quarter plans point to some increase in investment outlays, by the commercial and other group which includes trade, service, finance, communication and construction.

Building Activity
Remains High

Total construction outlays in October and November after seasonal adjustment increased 1 percent over the record third quarter rate. Compared with the fourth quarter a year earlier, activity in October and November was 8 percent higher. Much of the strength in building activity this year reflects the boom in residential housing. New nonfarm housing starts in October and November averaged at an annual rate in excess of 1.3 million units. Adequate mortgage money and easier financing terms are expected to continue to contribute to a high level of residential building in the coming months. Applications for VA and FHA loans recently have been running considerably in excess of those for comparable periods a year earlier. Receipts of applications by FHA in October were more than double those received in October 1953.

The value of construction contract awards in 37 Eastern States during September and October also showed considerable increase over a year ago. Increases in residential building awards account for all of the increase as nonresidential and total engineering awards were lower. Construction backlogs as of the end of October continued to increase and, at 78.4 billion dollars, were 1.4 billion greater than those of July 31.

Construction Activity Forecast
at New Record in 1955

New construction activity for 1955 is forecast at 39.5 billion dollars, 7 percent greater than this year, according to outlook estimates prepared jointly by the U. S. Departments of Commerce and Labor. If this level is achieved it will represent the largest year-to-year dollar increase since 1951. Construction activity has set records in each of the postwar years.

Much of the increase in building activity is expected to come from private residential housing which is forecast at 13 percent greater than in 1954. Substantial percentage increases are forecast for the nonresidential component: 13 percent for stores, restaurants and garages; and 17 for religious, educational, hospital and institutional. Relatively large declines in the private component are anticipated only for farm, industrial, and railroad construction.

Total public construction is forecast at 5 percent greater than 1954. Increases are expected for educational, hospital, institutional, military facilities, highway construction, sewer and water and miscellaneous public enterprises. On the other hand, substantial declines are forecast for public residential and nonresidential building.

Consumer Income and Spending

Personal income after taxes in the third quarter was at a record annual rate of 253 billion dollars, slightly above the second quarter and 2.0 billion dollars above the third quarter of 1953. With the pickup in economic activity and employment in the last quarter, consumer incomes are continuing high. Income payments, fairly stable this year, were at an average annual rate of 255.6 billion dollars in the first 10 months of 1954, about the same as a year earlier. October income payments were at a rate of 285.9 billion dollars, nearly 2 billion below a year earlier. A decline in wage and salary disbursements was partly offset by an increase in transfer payments for social insurance.

Consumer spending for goods and services in the third quarter was at a record annual rate of nearly 235 billion dollars, about 2 percent above a year earlier. Retail sales in October and November, at about the third quarter rate, suggest a continued strong consumer demand in the current quarter. Sales by retail stores were down slightly from September to October after seasonal adjustment. But preliminary estimates for November show retail buying up about 2 percent from October due to an increase in sales of automobiles. Record consumer incomes after taxes are largely responsible for maintaining consumer spending.

Consumer credit outstanding at the end of October totaled 28,975 million dollars, 119 million above September. This compares with an increase of 256 million dollars in October last year. Installment credit increased only 17 million dollars compared with 185 million in October 1953 and 521 million in October 1952. Automobile installment credit declined by 25 million dollars, reflecting reduced consumer buying in anticipation of new models in November.

Output and Employment

Industrial production in November after seasonal adjustment continued to improve over the third quarter rate. At 129 percent of the 1947-49 average the Federal Reserve Board's index of industrial production was 2 percent above October and nearly 5 percent above the third quarter rate. Much of the increase in industrial activity in recent weeks centers around the durable goods industries, particularly the steel and the automotive industries. November passenger car assemblies totaled about 502 thousand units, more than double those of October. Production schedules in December indicate assemblies in excess of 600 thousand units. Fourth quarter assemblies will be the largest since 1950 and a further increase is in prospect for the first quarter. Steel production in November was the highest of the year to date and operating rates continued to increase through early December. Steel production has increased

more than seasonally in recent months, reflecting principally larger orders by automobile manufacturers, continued high construction activity, and apparently some changes in the inventory policy of many users of steel.

Output of nondurable goods continued to rise from October to November reflecting further gains in textiles, apparel, and petroleum refining. Production of chemicals, paper and allied products, and printing and publishing was maintained at a high level.

Manufacturers' new orders in September and October averaged about 7 percent above August with most of the gain due to the placement of defense contracts with transportation equipment producers. There were also gains in new orders for electrical machinery and textiles. Total deliveries were maintained after adjustment for seasonal factors. There was a decline in deliveries of automobiles but sales increased for most heavy goods producers particularly for electrical machinery and building materials.

The pickup in economic activity and increased orders by manufacturers suggest that some industries are beginning to restock. Manufacturers' inventories increased slightly in October after 12 consecutive months of liquidation with most of the rise in automobiles and steel. However, retail inventories declined and total business inventories fell less rapidly in October to 77.5 billion dollars compared with 77.7 in September and 81.8 in October 1953. Recent changes in inventories are due largely to automobiles. Overall stock-sales ratios continue fairly close to levels of a year ago at both the manufacturing and retail level.

Employment Steady

Nonagricultural employment rose with the fall pickup in economic activity and in November totaled 55.6 million. Most of the gain from October occurred in durable manufacturing industries particularly automobiles, electrical machinery, primary metals and fabricated metals. But the gain in the nonagricultural sector was more than offset by a seasonal decline in the number of farm workers and total employment declined by about 0.4 million from 62.1 in October. Unemployment increased about 200,000 to 2.9 million workers but was down slightly after adjustment for seasonal variation.

Commodity Prices

The all commodity index of wholesale prices in late November and early December continued the stability of the past year. During 1953 and 1954 this index has fluctuated within the narrow range of 109.3 to 111.0. In early December, at 109.3, the index was virtually unchanged from early November and from December a year earlier. The farm products component decreased slightly in early December to a level 4 percent below the comparable period last year.

Farm Product Prices

The index of prices received by farmers in mid-November was 244 (1910-14=100), 2 points above October but 5 points below November 1953. Increases in prices of commercial vegetables, potatoes, wheat, and soybeans more than offset declines for cotton, oranges, corn, and tobacco. The livestock and products index was practically unchanged from a month earlier with increases in prices of dairy products and poultry and eggs offsetting declines in wool and meat animals. Prices of most fruits declined during the month with the exception of apples which were unchanged. The increase in the index was not sufficient to raise the parity ratio from the 87 recorded last month.

Central market prices of several major agricultural commodities declined slightly from mid-November to early-December. As has been the case recently, the declines were largely centered in livestock and products where supplies are large. Average weekly prices of barrows and gilts at Chicago were down almost 10 percent but slaughter steers and cows held relatively steady. With egg production increasing seasonally, egg prices weakened further from mid-November. Corn prices (No. 3 Yellow at Chicago) increased slightly as did wheat prices (No. 2 Hard Winter at Kansas City). Average market prices of milo maize, soybeans, flaxseed, and cotton also increased from mid-November to early-December.

For many commodities, marketings are either past or at their peaks for the year and moderate improvement in the prices of some major farm products is likely in the next few months. Movement of many commodities under price support in recent months has been heavy. Supplies of many commodities not under price support are expected to become tighter later in the marketing year.

Prices Paid Remain
Unchanged

The parity index (prices paid, interest, taxes and wage rates) in mid-November remained at 279 (1910-14=100), unchanged from a month earlier but 2 points higher than November 1953. Declines in prices paid for family living items were offset by increases in production items, particularly livestock. Increases in prices paid for cattle and calves accounted for much of the increase in the livestock component. With prices paid for feed unchanged from a month earlier and prices received for many classes of livestock and products up slightly, most commodity-feed price ratios increased moderately.

The consumer price index for urban families declined again in October for the third consecutive month. Increases in rent, apparel, medical care, reading and recreation were more than offset by declines in food, transportation, and personal care. Retail food prices apparently declined further in November.

Table 1.- Indexes of wholesale commodity prices, selected groups, December 7 with comparisons

(1947-49=100)					
Group				December 7, 1954	
	Dec. 7,	Nov. 9,	December:	percentage change from	
	1954	1954	1953	Nov. 9,	December
				1954	1953
All commodities	109.3	109.7	110.1	-0.4	-0.7
Farm	90.7	92.2	94.4	-1.6	-3.9
Food, processed	103.4	104.3	104.3	-.9	-.9
Other than farm and food ...	114.5	114.5	114.6	0	-.1

Table 2.- Indexes of prices received and paid by farmers, November 15, 1954 with comparisons

(1910-14=100)					
Group				November 15, 1954	
	Nov. 15,	Oct. 15,	Nov. 15,	percentage change from	
	1954	1954	1953	Oct. 15,	Nov. 15,
				1954	1953
Prices received, all					
farm products	244	242	249	1	- 2
Crops	244	243	234	<u>1/</u>	4
Food grains	239	235	229	2	4
Feed grains and hay	199	204	195	- 2	2
Cotton	281	293	269	- 4	4
Tobacco	438	441	433	1	1
Oil-bearing crops	277	275	263	1	5
Fruit	206	218	205	- 6	<u>1/</u>
Commercial vegetables for :					
fresh market	237	191	218	24	9
Potatoes, sweetpotatoes :					
and dry edible beans ...	182	163	159	12	14
Livestock and products	243	242	263	<u>1/</u>	- 8
Meat animals	266	267	267	<u>2/</u>	<u>2/</u>
Dairy products	266	263	288	1	- 8
Poultry and eggs	159	153	224	4	29
Wool	289	293	293	1	1
Prices paid, interest, taxes :					
and wage rates	279	279	277	0	1
Items used in living	272	273	270	<u>2/</u>	1
Items used in production ...	251	250	247	<u>1/</u>	2
Parity ratio	87	87	90	0	3

1/ Less than 0.5 percent increase.2/ Less than 0.5 percent decrease.

FARM INCOME

Cash receipts from farm marketings in the first 11 months of 1954 totaled about 27.2 billion dollars, or 4 percent below 1953. Prices averaged 3 percent lower. Receipts from livestock and products were about 15.3 billion dollars, down 3 percent from last year. Lower receipts from eggs, chickens, and dairy products more than offset slight increases in receipts from cattle and hogs. Crop receipts in the eleven-month period were about 11.9 billion dollars, 6 percent below the corresponding period in 1953. There were rather substantial declines in receipts from cotton, wheat, and truck crops.

Farmers received about 3.2 billion dollars from marketings in November, 10 percent below October and 6 percent less than a year ago. Receipts from livestock and products were about 1.5 billion dollars, slightly more than the previous month but 4 percent below November of 1953. Larger sales of hogs and turkeys brought receipts from meat animals and poultry above October. However, lower prices held total receipts from poultry and eggs below a year ago. Crop receipts were about 1.7 billion dollars, down 20 percent from October and 8 percent from a year ago. Receipts from nearly all major crops were down seasonally. Smaller cotton marketings accounted for most of the decline from November of last year.

LIVESTOCK AND MEAT

Marketings of fed cattle and hogs will likely be relatively large this winter. A volume of cattle feeding as high or higher than a year earlier will provide a substantial supply of finished cattle. Marketings of cattle off grass, decreasing seasonally, will likely continue below a year earlier and total cattle slaughter may be down a little from last winter. Prices of the top grades of cattle will likely not change much in weeks ahead and the spread between them and the lower grades will stay wide. In late winter and spring a seasonal increase in supply and reduction in price of highly finished cattle, coinciding with a seasonal rise in price of feeder cattle, is expected to narrow the price spread between grades.

Hog marketings the past fall were not as large as would have been indicated by the earlier than usual farrowings last spring. A larger part of the hogs from the spring pig crop will probably remain on farms at the year's end than in either of the last two years. Marketings of these hogs during the winter will hold down the seasonal upturn in hog prices.

Feeding reports indicate that fewer sheep and lambs will be on feed for the winter and spring markets than a year earlier. As marketings off ranges are less than a year ago and decreasing seasonally, the seasonal price rise for sheep and lambs in late winter may be fully as great as usual though probably not equal to the sharp rise of last year.

So far in 1954, meat production has been 2 to 3 percent larger than in the same period in 1953. Substantial gains in beef and veal output and a small gain in lamb and mutton production have more than offset the smaller pork supply in the first half year. In the next few months, however, beef and veal production may be slightly below a year earlier. Pork output, which since mid-year has been above a year ago, is expected to continue above. Lamb and mutton supplies will be smaller than last year.

DAIRY PRODUCTS

Production of milk has passed the seasonal low point and will increase gradually to the high point late next spring. In November, production was a little above the record of a year earlier. Output in the early months of 1955 may nearly equal the very high levels of early 1954. However, given average weather, milk production for 1955 as a whole probably will approximate the 124 billion pounds of this year.

With milk production in the past several weeks running near a year earlier, and fluid consumption somewhat higher, less has been available for manufacturing. Price support purchases of butter, cheese and nonfat dry milk have been smaller than any time in nearly 2 years. Although production in 1955 is likely to exceed consumption, the surplus is not expected to be as large as in the past 2 years.

In recent months with the seasonal decline in milk production and the increase in use of CCC stocks in various outlets, there has been a substantial decrease in CCC inventories of dairy products. Prices for all manufactured items except condensed whole milk are below a year earlier. The price of butter is the only item for which the price has increased seasonally. In early December the wholesale price of butter at Chicago was 60.1 cents per pound, nearly 3 cents above the CCC buying price.

The price paid by plants for milk used in manufacturing in November at \$3.44 per 100 pounds was 8 percent below a year earlier. The average price for all milk in November, fluid and manufacturing combined, was \$4.41 per 100 pounds, 7 percent below a year earlier. After adjustment for seasonal variation, the average for all milk was within 2 percent of the average in the first quarter of 1954.

POULTRY AND EGGS

Producer prices for eggs averaged 33.9 cents per dozen in mid-November, up nearly 5 percent from October but nearly a third below a year earlier. Egg production on December 1 was estimated at about 5 percent above a year earlier and will continue to rise seasonally in the next few months. Prices of most grades of large eggs declined slightly in principal markets from mid-October to early December while prices of medium eggs have risen. The proportion of large eggs in total output has increased while that of medium has declined.

Most of this year's record turkey crop has already been sold from farms at prices averaging about 5 cents per pound below last year. Early-December storage stocks in 35 principal cities were 4 percent below the year before. This indicates a large consumption of birds for Thanksgiving, since the total turkey crop was 9 percent above last year.

Current large broiler marketings are mostly from September placements, which were 13 percent larger than last year in 13 reporting areas which accounted for about 65 percent of the 1953 U. S. broiler output. In January marketings will be from October chick placements, which in the comparable reporting areas were 6 percent below the year before. If U. S. marketings in January are down as much as placements in the reporting areas marketings would be the smallest in about a year.

OILSEEDS, FATS AND OILS

Soybean prices in December were moderately lower than in the same month a year earlier, though the value of the products obtained from a bushel of beans was about the same as a year ago and exports so far this crop year are up slightly. Through December 3, beans inspected for exports totaled 16.2 million bushels, about 1 million more than a year ago. This year's crop is a record in contrast with the comparatively "short" one of 1953. Hence, bidding for the beans is not as intense as last year. Cottonseed prices are well above support, reflecting in part a sharp cut in output from last year, with resulting strong bidding on the part of crushers, and tenderings of cottonseed products to CCC have been small to date. Flaxseed prices are around support as the crop is well in excess of estimated commercial use. Through mid-November, 4.6 million bushels of flaxseed were placed under support programs, about half the estimated excess above domestic use and export.

Peanut prices to farmers have risen well above support and in November were 13 percent higher than a year ago. Poor weather reduced the crop below estimated use at support prices. The Tariff Commission will hold a public hearing on January 4, 1955 to determine whether the present import quota on peanuts, 1.7 million pounds, should be raised for the current crop year.

Lard prices have declined with the recent increase in hog slaughter and in mid-December, lard (loose, Chicago) was selling for about 12.5 cents per pound, the lowest since July 1953. Hog slaughter is expected to continue well above a year earlier at least through next summer.

CORN AND OTHER FEED

Feed prices continued a little higher in November this year than last, although corn prices declined seasonally as marketings from the 1954 crop increased. Prices received by farmers averaged \$1.37 per bushel in mid-November, 4 cents higher than a year earlier, but 25 cents per bushel below the national average support price. Since the middle of November corn prices have strengthened and are expected to advance seasonally this winter and spring. The average price of oats in November was above the support level for the first time since March 1953, while prices of barley and sorghums remained below. Prices of most of the high protein feeds have strengthened during the past 2 months and in early December they were generally near last year's levels. Soybean

meal prices were higher than a year ago in the early part of the 1954-5 feeding season, but they are not expected to advance as much later in the season as last year.

Through November 15 farmers had placed record quantities of barley and oats under price support and a much larger quantity of sorghum grains than in the same period of 1953. Since fewer farmers are eligible for loans and the corn crop is smaller this year, less corn is expected to be placed under price support than in the past two seasons. Because of smaller supplies and with the bulk of the record carryover of corn under loan or owned by CCC "free market" supplies of corn probably will tighten as the marketing season progresses.

Price supports on 1955 crop oats, barley, and sorghum grains were announced by the Department of Agriculture on December 13 reflecting 70 percent of the November 15, 1954 parity price. The 1955 national average support prices for oats is 61 cents per bushel, barley 94 cents per bushel and sorghum grain \$1.78 per 100 pounds.

The total supply of feed concentrates for 1954-55 was estimated in November at 179 million tons, equal to the 1950 record and 4 percent larger than in 1953-54. The corn supply is slightly smaller than last year, while supplies of other feed grains are substantially larger. The total supplies of high-protein feeds is expected to be a little larger than last year as a result of the prospective record production of soybean meal.

WHEAT

Even though the supply of wheat is the largest in our history, cash prices currently are at about the highest levels for the season to date, having advanced in general 30 to 40 cents above the low points in June. The average price received by farmers in mid-November was \$2.12, the highest mid-November average since 1947, except for \$2.19 in 1951 and \$2.13 in 1952. The strength in prices reflects the relatively small "free" supplies, especially of better quality wheat, because of the large holdings under price support programs.

Further increases in wheat prices may be expected--particularly for the lower quality, which is below support prices--because "free" supplies are not large enough to meet anticipated requirements for the remainder of the marketing year. Stocks of all qualities in all positions on October 1 totaled 1,682 million bushels. Of this quantity, the Commodity Credit Corporation owned about 773 million bushels of 1953 and earlier-crop wheat, and had loans of about 29 million bushels outstanding on these crops. On November 15 an additional 334 million bushels of 1954-crop wheat were under price support. This left only about 550 million bushels of "free" wheat to take care of domestic disappearance (which is expected to total about 500 million bushels in the last 9 months of 1954-55), any exports made from "free" wheat, and pipeline supplies at the end of the marketing year. Moreover, additional quantities will be placed under support programs. However, wheat can move out from under price support whenever farmers find the market price more attractive than the support.

Since July 1, CCC has sold about 100 million bushels of wheat from inventory for export and domestic use. Domestic sales include about 13 million bushels of millable wheat, most of which were sold at 105 percent of the loan plus carrying charges, and about 6 million bushels of out-of-condition wheat were sold for feed purposes at reduced prices.

On December 13, the price of No. 2 Amber Durum at Minneapolis was \$4.15 per bushel, \$1.54 above the effective loan (announced rate less an allowance for storage). The price of No. 1 Dark Northern Spring wheat, ordinary protein, at Minneapolis was \$2.51 per bushel, about 1 cent below the effective loan. Prices at other markets were below the effective loan as follows: No. 1 Soft White at Portland at \$2.34, 7 cents; No. 2 Hard Winter, ordinary protein, at Kansas City at \$2.41, 7 cents; and No. 2 Soft Red Winter at St. Louis at \$2.30, 18 cents. Further price increases may be expected for these types which are below the effective loan.

RICE

The average price received by farmers for rough rice advanced from \$4.04 per hundred weight in mid-September to \$4.48 in mid-November but is still below the \$4.92 support level. Almost 10 million cwt. of rough rice had been placed under price support through November 15 and considerably more of the record crop will move under support before the termination date on January 31, 1955. The noncommitted inventory of milled rice owned by the CCC on November 18 was equivalent to about 2.27 million cwt. of rough rice.

Production of rice in the United States in 1954, estimated in November at 58.6 million cwt. of rough rice, is record large, exceeding by 11 percent the previous record set last year and the 1948-52 average by 38 percent. Production has increased steadily since before World War II but large exports from the United States have kept the carryover down to moderate size until this year. On August 1, 1954, stocks totaled about 7.6 million cwt., in terms of rough rice, compared with 1.5 million a year earlier and 2.7 million, the 1948-52 average.

Rice exports, in terms of milled rice, from the United States in August-July 1953-54 marketing year were 15.7 million cwt., a decline of 9 percent from the 17.16 million cwt. of the preceding year. Exports would need to exceed this level considerably to avoid a sharp increase in stocks by the end of the current marketing year.

A national acreage allotment for rice must be proclaimed by the Secretary each year, even though the supply situation may not be such as to require the proclamation of marketing quotas. An exception to this may be made in case of a national emergency or material increase in export demand. A marketing quota program, on the other hand, can be proclaimed only when the total supply of rice exceeds the normal supply by more than 10 percent. The determinations with regard to acreage allotments and marketing quotas must be made by the Secretary on or before December 31.

FRUIT

With the usual post-holiday slackening in demand, grower prices for fresh oranges and grapefruit probably will decline in January. But later in the winter, some rise in prices can be expected. Although movement to processors in Florida has been considerably lighter this fall than last, demand for processing is expected to be strong again in the 1954-55 season. Increased output of frozen orange concentrate seems likely.

Stocks of canned citrus juices held by Florida packers which were much larger than a year earlier on October 2, were only a little larger on November 27, 1954 than the moderate stocks at that time last year. The rate of processing was lower this fall than last and movement from packers to distributors was slightly heavier. Cold-storage stocks of frozen orange juice dropped sharply during October and November 1954, but on December 1 were still considerably above those of a year earlier.

Prices of most varieties of apples at shipping points in apple areas held fairly steady in late November and early December. The 1954 commercial apple crop was about 12 percent larger than the 1953 crop but 2 percent below the 1943-52 average.

Cold-storage stocks of pears on December 1, 1954 were much smaller than a year earlier and prices can be expected to increase seasonally this winter. December 1 stocks of Emperor grapes, which provide most of the fresh market supplies during winter, were smaller and of better quality than a year ago. Prices probably will increase this winter.

COMMERCIAL VEGETABLES

According to indications as of December 1, the tonnage of vegetables to be harvested during winter 1955 for fresh market sale is expected to be 4 percent smaller than that of a year earlier. Compared with last winter, the heavier tonnage of lima beans, carrots, lettuce, shallots and spinach indicated for winter 1955 is expected to be more than offset by declines in artichokes, beets, broccoli, cabbage, cauliflower, celery, escerole, kale and green peas. With consumer incomes likely to continue at a high level and the demand for fresh vegetables close to that of a year earlier, the level of prices received by growers for these commodities should at least equal that of the winter 1954, depending on the marketing pattern and on the extent of competition from commercially processed vegetables.

POTATOES

Production of early potatoes for harvest during the first quarter of 1955 is expected to be 5 percent smaller than that of a year earlier, but 47 percent above the 1944-53 average for that time of year. Compared with the 1954 winter harvest, the anticipated decline in output results from the indicated 10 percent reduction in yield per acre, which more than offset the effect of the somewhat larger acreage.

The winter-season harvest area will, as usual, contribute only a small part of the total supply that will be available during January-March. Most of the winter supply will come from the 1954 late crop, which was 3 to 4 percent smaller than last year. With consumption of potatoes this fall close to that of a year earlier, stocks of late-crop potatoes this January 1 are not expected to equal those on January 1, 1954.

Prices received by growers for potatoes in mid-November averaged \$1.09 per bushel, 17 percent higher than a month earlier and 30 percent above the low level of mid-November 1953.

The Secretary of Agriculture announced on December 13 that the previously proposed limitations on the use of land diverted from allotment crops to produce commercial vegetables, potatoes and sweetpotatoes will not be in effect for 1955.

COTTON

As of December 1, the cotton crop was estimated 13.5 million running bales (13.6 million bales of 500 pounds each). The crop was harvested from 19.2 million acres which was 3 percent smaller than the acreage in cultivation on July 1. Average yield per harvested acre was a record 339 pounds, approximately 4.6 percent above the previous record established by the 1953 crop.

Grower prices for upland cotton declined in November from the October level. The average price received by farmers in mid-November was 33.17 cents per pound, 1.05 cents lower than a month earlier but still 1.36 cents above November 1953. Entries into CCC loan from the 1954 crop continued at a rapid pace and there are now about 8.2 million bales of cotton under price support compared with 7 million at the first of the season and 6.5 million a year earlier. Since production plus imports during the current marketing year are expected to be about the same as disappearance, a large quantity of this cotton will be withdrawn from CCC held stocks by the end of the season. On November 10, it was announced that sales from CCC owned stocks for replacement of private stocks sold under Public Law 480 would not be made until after January 1. The minimum price for these sales will be 105 percent of the current support price plus reasonable carrying charges which are defined as 1.05 cents per pound for 1954 crop cotton. This means that the minimum price for which Middling, 15/16 inch cotton can be purchased from CCC owned stocks will average 36.18 cents per pound at the 14 spot markets. The average 14 spot market price of Middling, 15/16 inch cotton on November 30 was 33.77 cents.

The U. S. average wage rate for hand picking 1954 crop cotton was \$2.70 per hundred pounds of seed cotton. This was 10 cents below the average rate for the 1953 crop and is the second year that rates have declined since the peak of \$3.05 was reached in 1952. The highest rate in 1954 was paid in Missouri, \$3.45, and the lowest rate was paid in New Mexico, \$2.35.

WOOL

Prices at the British Dominion auctions so far this season have been below a year earlier. In early December, prices of most wools were about the same as a month earlier but as much as 7 to 12 percent below a year earlier. The price decline reflects prospects for a larger world supply of wool this season and an easing demand largely because of competition from other fibers.

Boston quotations for most domestic wools for the week ending December 10 were from 5 cents per pound, clean basis, above to 10 cents below a month earlier and from 5 to 25 cents or from 5 to 15 percent lower than a year earlier. Quotations for most descriptions have been at or below CCC price support loan rates since early November.

As of October 31, 1954, about 31 million pounds, actual weight of the 1954 clip, were under loan. This is a net increase of only 1 million pounds since the end of September. A year earlier, 35 million pounds of the 1953 clip were under loan.

World consumption of wool during the third quarter is estimated to have been about 7 percent lower than during the second quarter of this year and about 11 percent below the third quarter of 1953. Consumption was below a year earlier in all of the major consuming countries except France. United States mills used about 3 percent less wool than during April-June of this year and about 19 percent less than during the third quarter of 1953. There was a substantial increase relative to last year in the use of other fiber by the woolen and worsted segments of the textile industry in all of these countries with the exception of the United States and the German Federal Republic.

Domestic mills used 29 percent less apparel wool and 18 percent less carpet wool during January-October of this year than last year. The average weekly rate of apparel wool consumption during October was 5.0 million pounds, scoured basis, the same as the previous month and down 1 million pounds from a year earlier. The October rate of carpet wool consumption, 2.4 million pounds per week, compared with 2.3 million pounds the previous month and 2.4 million pounds in October 1953.

United States imports of apparel (dutiable) wool for consumption during January-September were about 43 percent lower than last year. About 26 percent less carpet (duty-free) wool was imported.

TOBACCO

Burley tobacco auctions began November 30 and for sales through December 13, prices averaged 51.3 cents per pound compared with 54.5 cents in the corresponding period of last season. The receipts of Burley under Government loan were about 30 percent of gross sales--considerably above the 14 percent in the comparable period of the 1953 season. Last year's crop was of exceptionally good quality and brought a record 52½ cents for the season as a whole. Both the 1954 crop and the carryover are larger than last year. Domestic consumption of Burley dropped some during 1953-54, reflecting mainly the decline in cigarette output.

Flue-cured marketings are almost completed. Auction prices for gross sales in all belts combined have averaged 52.1 cents per pound compared with 52.5 cents for the 1953 season. Prices in the Middle and Old Belts have averaged well above last season when there was a considerable proportion of poor quality tobacco.

Auctions for Virginia fire-cured (type 21) and sun-cured (type 37) began in late November. Quality of offerings was better than last season. For the first two weeks' sales, prices for type 21 averaged a little below those in the corresponding period of last year, but for type 37 they averaged a little higher. The auction markets for Kentucky-Tennessee fire-cured (types 22-23) begin in early January.

Auctions for One Sucker (type 35) and Green River (type 36)--Kentucky-Tennessee dark air-cured tobacco--started on December 2 and 7, respectively. Quality was much better than last year when drought was a serious factor. Prices for the first several days' sales of both types averaged between 33 and 35 cents per pound, approximately 50 percent higher than in the comparable period of last season.

The 1954-55 total supplies of fire-cured and dark air-cured tobacco are about the same as for 1953-54 and are fairly large in relation to annual disappearance.

In late November, the Department of Agriculture announced the 1955 marketing quotas and acreage allotments for the several kinds of tobacco. The flue-cured allotments on most farms will be about 5 percent smaller than in 1954. Burley allotments on most farms will average about 10 percent less than last year, but in accordance with the law, allotments of seven-tenths of an acre or less will not be reduced. Farm allotments for Virginia sun-cured (type 37) and cigar filler and binder (types 42-44 and 51-55) will be approximately the same as in 1954. Marketing quotas for the above tobaccos were approved in referenda held in previous years. Growers of fire-cured, dark air-cured, Pennsylvania filler, and Maryland tobacco will vote on quotas this month. The announced 1955 marketing quotas for fire-cured and dark air-cured result in acreage allotments for most farms about one-tenth smaller than in 1954. For Pennsylvania filler and Maryland tobacco, marketing quotas on the 1954 crop were disapproved by growers. Government price supports are mandatory when marketing quotas have been approved, but under the law, prices are not supported when growers reject a quota.

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